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PUBLIC VERSION

Ms. Gloria Blue
Executive Secretary
Trade Policy Staff Committee
Office of the USTR
600 Seventeenth Street, N.W.
Washington, D.C. 20508

Re: ***Certain Steel Products (Investigation No. TA-201-73)***

Dear Ms. Blue:

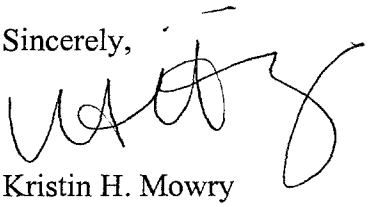
We represent the South African Iron and Steel Institute in the above-captioned U.S. International Trade Commission investigation. Pursuant to the USTR's Federal Register notice *Public Comments on Potential Action Under Section 203 of the Trade Act of 1974 With Regard to Imports of Certain Steel*, 66 Fed. Reg. 54321 (October 26, 2001), attached please find our client's requests to exclude products from import relief under Section 203.

Pursuant to 15 C.F.R. § 2003.6 (2001), the South African Iron and Steel Institute requests confidential treatment for the information contained in this submission. The information and data contained in the response include but are not limited to production

numbers, capacity numbers and export quantities, that is, confidential business information, the public disclosure of which would cause substantial harm to our client's competitive position. Much of the information is the proprietary intellectual property of the source of much of the data.

Please do not hesitate to contact the undersigned if you should have any questions regarding this submission.

Sincerely,



Kristin H. Mowry
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Counsel to the South African Iron and Steel Institute.

Analysis of the Market for Thin Gauge Hot Rolled Coil and Motivation for the Exclusion of South African Thin Gauge Hot Rolled Coil from the Section 201 Remedy.

1 Introduction

Thin gauge hot rolled coil (TGHR) can be defined as hot rolled coil in gauges 2.0mm and thinner (e.g. normal cut-off in the USA is on 0.087" or 2.2mm).

Ultra thin gauge hot rolled coil (UTGHR) is normally considered as THGR in gauges of 1.5mm and thinner.

A study initially done in 1997 and then updated in 2000 as "Thin Gauge Hot Rolled versus Cold Rolled" ("the CRU study") is used in this document to illustrate the importance of these product groups to US domestic industry as well as the fact that there is a growing shortage of this product available – hampering competitiveness of these producers. The study was done by reputable steel market researchers Commodities Research Unit International (CRU). CRU is an authority on steel markets and their information is often used in trade cases.

2 TGHR is a small part of hot rolled coil supply – especially UTGHR

TGHR makes up a small segment (10% in 1999) of the hot rolled coil production in the USA (see Exhibit A – [ ]). In the same exhibit it can be seen that UTHGR makes up only 3% of market supply.

3 There is a shortage of domestic supply

Based on the CRU study a table was drawn up to indicate the shortage in domestic supply of TGHR and the resultant import requirement. This data is summarized below. The relevant notations show where in the exhibits the source document can be found.

The table clearly shows there is a shortage in domestic US supply of TGHR and that this shortage will escalate over the next few years at a compound annual growth rate of 30% - compared to a general growth in hot rolled coil consumption of merely 3.5% annually.

Between 1999 and 2007 the import requirement (shortage of domestic supply) is expected to grow 337%.

USA Supply Balance of Thin Gauge Hot Rolled Coil (<=2.0mm - including Ultra Thin Gauge)
All figures in '000 metric tons

Gross Production USA	**1999 (Actual)**	**2003 (CRU Forecast)**	**2007 (CRU Forecast)**
(Reference Document)	Exhibit A	Exhibit B	Exhibit C
1.2mm-2.0mm	[		]
0.8mm-1.2mm	[		]
Total Gross Production USA	[		]

Gross Consumption USA	**1999 (Actual)**	**2003 (CRU Forecast)**	**2007 (CRU Forecast)**
(Reference Document)	Exhibit D	Exhibit D	Exhibit D
Total Gross Consumption USA	[		]

Total Import Requirement USA	[	]

Period Analysed (see Total Import Requirement above)	**Total Growth**	**Compound Annual Growth Rate**	**Growth Rate Expected All HRC**
1999-2003	**186%**	**30.0%**	**3.4%**
1999-2007	**337%**	**20.2%**	**3.5%**

Reference Documents

Exhibit A	(CRU Table 1.1 page 3)
Exhibit B	(CRU Table 1.4 page 10)
Exhibit C	(CRU Table 1.5 page 11)
Exhibit D	(CRU Table 2.28 page 40)

4 The lack of availability could hurt USA end users and consumers

At the moment the lack of availability is constraining the use of TGHR in further products. As TGHR is far cheaper than the equivalent thickness cold rolled coil the lack of availability will eventually limit the end user's ability to compete (see Exhibit E the underlined section under End-User Market Fundamentals).

This shortage could hurt US domestic consumers and producers as products become less competitive. As can be seen from the CRU study on page 35 (Exhibit F) the biggest market penetration in Asia where end-users will gain a cost advantage with access to TGHR. This theme is underlined on page 51 of the CRU study (Exhibit G) under "opportunities for value-added processing" and "Increased choice and savings".

5 Why is South Africa a good source for TGHR and why should this product be excluded from section 201 for South African suppliers?

The South African mill Saldanha Steel has recently commissioned a state of the art mill dedicated to the production of high quality TGHR and especially UTGHR. The plant has already started supplying TGHR and UTGHR to the USA and in the last year had a hot rolled coil export mix consisting of 70% TGHR.

The South African steel producers gained access to the US market through the AGOA program due to the history of responsible marketing practices. These practices will ensure that no market disruption takes place.

6 Conclusion

The CRU study concludes, "until local investment in TGHR production is put in place, imports may be the best option" but cautions that quotas and import bans would have to be lifted. See Exhibit G. In order to ensure the competitiveness of the US industry consuming TGHR and more costly cold rolled coil, HRC products of gauges 2.0mm and less (<0.087") of South African origin should be excluded from the section 201 investigation.

EXHIBITS A THROUGH G ARE NOT SUBJECT TO PUBLIC SUMMARY